

BELLEVUE UNION ELEMENTARY  
SCHOOL DISTRICT  
COUNTY OF SONOMA  
SANTA ROSA, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2014

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BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

JUNE 30, 2014

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## FINANCIAL SECTION

GOODELL,  
PORTER,  
SANCHEZ &  
BRIGHT, LLP

C E R T I F I E D  
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Bellevue Union Elementary School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellevue Union Elementary School District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, in 2014 the Bellevue Union Elementary School District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.



**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and budgetary comparison on pages 45 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bellevue Union Elementary School District's basic financial statements. The financial and statistical information listed as supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The financial and statistical information listed as supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial and statistical information listed as supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, on our consideration of the Bellevue Union Elementary School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bellevue Union Elementary School District's internal control over financial reporting and compliance.

*Goode, Porter, Sanchez & Bright, LLP*  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

November 18, 2014

# BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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The discussion and analysis of Bellevue Union Elementary School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

### FINANCIAL HIGHLIGHTS

- General Fund revenues and other sources were lower than expenditures and other uses by \$563 thousand, ending the year with available reserves of \$4.6 million higher than the State recommended reserve level of 3% for a District this size.
- The total of the District's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$46 million. After depreciation, the June 30, 2014 book value for fixed assets totaled \$35.7 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Bellevue Union Elementary School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

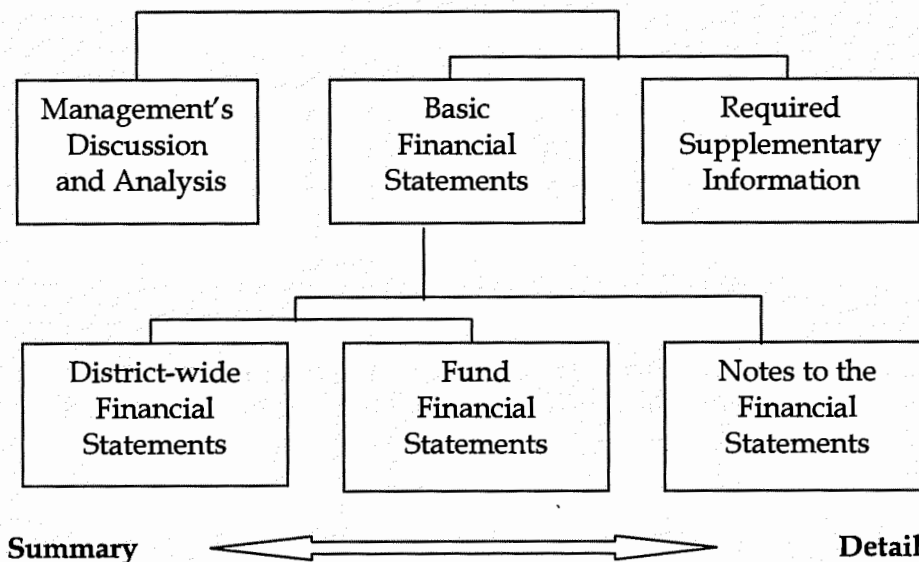
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)**

**Components of the Financial Section**



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2013-2014?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- ◆ Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)**

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

◆ **Governmental Funds**

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Bond Interest and Redemption Fund and the Capital Facilities Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

◆ **Fiduciary Funds**

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

*The School District as a Whole*

The District's net position was \$17.8 million at June 30, 2014. The District has an unrestricted deficit of \$3.3 million. Net investment in capital assets, account for \$16.6 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

**(Table 1)**  
**Comparative Statement of Net Position**

	Governmental Activities	
	2014	(Restated) 2013
<b>Assets</b>		
Cash and investments	\$ 8,408,692	\$ 8,382,735
Receivables	2,753,362	4,296,628
Note receivable	250,000	
Capital assets	35,745,766	36,353,278
Total assets	<u>\$ 47,157,820</u>	<u>\$ 49,032,641</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 1,805,718	\$ 3,133,420
Unearned revenue	16,574	51,896
Unamortized bond premium	344,330	357,080
Long-term liabilities	27,169,739	27,361,327
Total liabilities	<u>\$ 29,336,361</u>	<u>\$ 30,903,723</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 16,638,543	\$ 16,786,300
Restricted	4,461,380	3,718,401
Unrestricted (deficit)	(3,278,464)	(2,375,783)
Total net position	<u>\$ 17,821,459</u>	<u>\$ 18,128,918</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

The District's net position decreased \$307,459 this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 75 percent of total expenses. The purely administrative activities of the District accounted for just 5 percent of total costs. The remaining 20 percent was spent in the areas of plant services, interest on long-term debt and other outgo. (See Figure 2).

**(Table 2)**  
**Comparative Statement of Change in Net Position**

	Governmental Activities	
	2014	2013
<b>Revenues</b>		
Program revenues	\$ 6,296,680	\$ 7,018,861
General revenues		
Taxes levied for general purposes	5,714,068	5,561,242
Taxes levied for other specific purposes		4,236
Taxes levied for debt service	1,729,024	1,589,902
Federal and State Aid not restricted to specific purposes	7,016,141	6,237,724
Interest and investment earnings	47,724	53,670
Miscellaneous	811,925	844,777
Total revenues	<u>21,615,562</u>	<u>21,310,412</u>
<b>Expenses</b>		
Instruction	13,113,178	12,183,263
Instruction related services	1,180,969	1,227,848
Pupil support services	2,245,346	2,042,019
General administration	1,102,961	920,930
Plant services	1,284,543	1,348,996
Other	2,996,024	3,792,446
Total expenses	<u>21,923,021</u>	<u>21,515,502</u>
Decrease in net position	<u>\$ (307,459)</u>	<u>\$ (205,090)</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

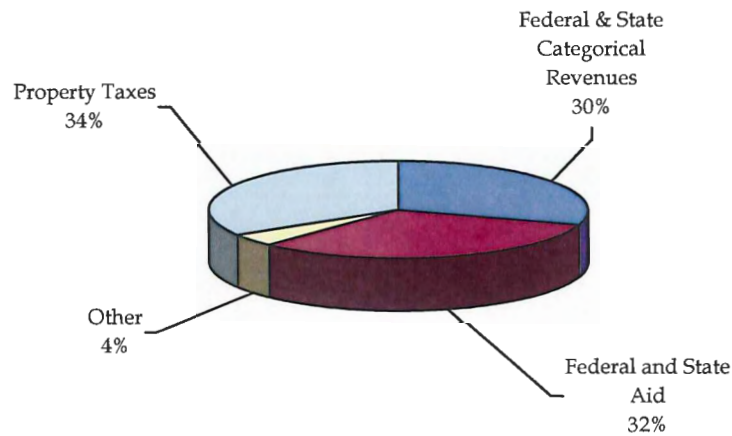
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**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)**

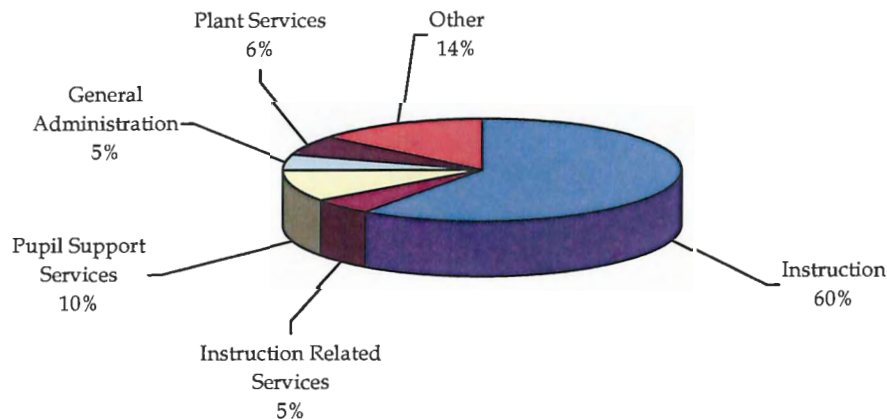
**Governmental Activities**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$21.9 million. The amount that our local taxpayers financed for these activities through property taxes was \$7.4 million. Federal and State aid not restricted to specific purposes totaled \$7.0 million. State and Federal Categorical revenue totaled \$6.3 million, and covered 30% of the expenses of the entire District (See Figure 1).

**Sources of Revenue for the 2013-2014 Fiscal Year**  
**Figure 1**



**Expenses for the 2013-2014 Fiscal Year**  
**Figure 2**





# BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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### FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$9.8 million, an increase of \$95 thousand from the previous fiscal year's combined ending balance of \$9.7 million. The increase occurred primarily in the Bond Interest and Redemption Fund. The General Fund balance decreased \$563 thousand.

#### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Adjustments required to reflect the mid-year State cuts in revenues.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$1.3 million.

The District ended the year with a decrease of \$563 thousand to the General Fund ending balance. The State recommends an ending reserve for economic uncertainties of 3%. The District's ending reserve was 24.6%.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

By the end of the 2013-2014 fiscal year, the District had invested \$46.4 million in a broad range of capital assets, including school buildings, site improvements, vehicles, and equipment. This amount represents an increase of \$185 thousand over the previous fiscal year.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)**

**Capital Assets (Concluded)**

**Table 3**  
**Comparative Schedule of Capital Assets**  
**(net of depreciation)**  
**June 30, 2014 and 2013**

	2014	2013	Difference Increase (Decrease)
Land	\$ 3,949,772	\$ 3,949,772	
Site Improvements	4,703,626	4,950,566	\$ (246,940)
Buildings	26,581,188	27,095,584	(514,396)
Machinery and Equipment	134,921	24,318	110,603
Work in Progress	376,259	333,038	43,221
Totals	<u>\$ 35,745,766</u>	<u>\$ 36,353,278</u>	<u>\$ (607,512)</u>

Additions during 2013-2014 included construction expenditures for the modernization project at Meadow View Elementary, technology upgrades and the purchase of maintenance/landscape equipment.

**Long-Term Debt**

At June 30, 2014, the District had \$27.2 million in long-term debt outstanding.

**Table 4**  
**Comparative Schedule of Outstanding Debt**  
**June 30, 2014 and 2013**

	2014	2013
General Obligation Bonds	\$ 16,774,303	\$ 17,200,581
Accreted Interest	7,914,592	7,637,493
Capital Lease Obligations	2,333,667	2,392,427
Early Retirement Incentives	28,514	38,019
Compensated Absences	118,663	92,807
Totals	<u>\$ 27,169,739</u>	<u>\$ 27,361,327</u>

The District continues to maintain excellent credit ratings on all of its debt issues.

The long-term debt paid by the District was \$1 million in 2014.

# BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The State's economic downturn is a major factor affecting the District's future. The financial well-being of the District is tied in large measure to the state funding formula.

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. The formula is intended to make funding more transparent and simple. With the new flexibility also come new requirements for accountability. The Local Control Accountability Plan (LCAP) is mandated and must be aligned and adopted with the District's 2014-2015 budget. The LCAP is expected to describe how the District intends to meet annual goals for all pupils, with specific activities to address state and local priorities identified during the LCAP development process.

The LCFF is the largest unknown for the District. The new funding structure has no statutory cost of living allowance built into it and relies solely on the annual budget process at the legislative level. Planning for the "out years" will be much more difficult and volatile under the LCFF funding formula. The eight years necessary to bring the District to their target funding could be unpredictable and unstable, thereby creating a need for a larger reserve than past years. The ongoing unpredictability of the District's supplemental and concentration funding under the LCFF will also create unstable budgets even after the district's target has been met in 2020-2021.

Future predictions and uncertainties with the changes to the State funding formula require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation increases over the next several years.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Susie Raymond, Bellevue Union Elementary School District, 3150 Education Drive, Santa Rosa, CA 95407, (707) 542-5197.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

		Governmental Activities
<u>Assets</u>		
Cash (Note 2)		\$ 8,408,692
Accounts Receivable (Note 3)		2,753,362
Notes Receivable (Note 5)		250,000
Capital Assets, Net of Depreciation (Note 6)		35,745,766
Total Assets		<u>\$ 47,157,820</u>
<u>Liabilities</u>		
Accounts Payable and Other Current Liabilities		\$ 1,805,718
Unearned Revenue (Note 1H)		16,574
Unamortized Bond Premium (Note 7)		344,330
Long-term Liabilities (Note 11)		
Due Within One Year	\$ 1,320,889	
Due After One Year	<u>25,848,850</u>	
Total Long-Term Liabilities		<u>27,169,739</u>
Total Liabilities		<u>\$ 29,336,361</u>
<u>Net Position</u>		
Net Investment in Capital Assets		\$ 16,638,543
Restricted For:		
Capital Projects		1,617,420
Debt Service		1,978,776
Education Programs		761,340
Other Purposes (Expendable)		103,844
Unrestricted (Deficit)		<u>(3,278,464)</u>
Total Net Position		<u>\$ 17,821,459</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Instruction	\$ 13,113,178	\$ 3,708,393	\$ (9,404,785)
Instruction-Related Services:			
Supervision of Instruction	63,762	37,906	(25,856)
Instructional Library, Media and Technology	156,789		(156,789)
School Site Administration	960,418	47,543	(912,875)
Pupil Services:			
Home-To-School Transportation	505,589	11,664	(493,925)
Food Services	1,096,254	1,061,686	(34,568)
All Other Pupil Services	643,503	214,949	(428,554)
General Administration:			
Data Processing	8,680		(8,680)
All Other General Administration	1,094,281	64,554	(1,029,727)
Plant Services	1,284,543	254,249	(1,030,294)
Community Services	964,523	711,480	(253,043)
Interest on Long-Term Debt	1,734,083		(1,734,083)
Other Outgo	297,418	184,256	(113,162)
Total Governmental Activities	<u>\$ 21,923,021</u>	<u>\$ 6,296,680</u>	<u>(15,626,341)</u>
General Revenues:			
Property Taxes Levied For:			
General Purposes			5,714,068
Debt Service			1,729,024
Federal and State Aid Not Restricted to Specific Purposes			7,016,141
Interest and Investment Earnings			47,724
Miscellaneous			811,925
Total General Revenues			<u>15,318,882</u>
Change (Decrease) in Net Position			(307,459)
Net Position Beginning (Restated - Note 15)			<u>18,128,918</u>
Net Position Ending			<u>\$ 17,821,459</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Bond Interest and Redemption Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash (Note 2)	\$ 4,597,401	\$ 1,978,776	\$ 1,625,540	\$ 206,975	\$ 8,408,692
Accounts Receivable (Note 3)	2,622,976			130,386	2,753,362
Due From Other Funds (Note 4)				34,140	34,140
Note Receivable (Note 5)	250,000				250,000
Total Assets	<u>\$ 7,470,377</u>	<u>\$ 1,978,776</u>	<u>\$ 1,625,540</u>	<u>\$ 371,501</u>	<u>\$ 11,446,194</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ 1,466,439		\$ 8,125	\$ 102,451	\$ 1,577,015
Unearned Revenue (Note 1H)	8,961			7,613	16,574
Due to Other Funds (Note 4)	34,140				34,140
Total Liabilities	<u>1,509,540</u>		<u>8,125</u>	<u>110,064</u>	<u>1,627,729</u>
Fund Balances (Note 1H):					
Nonspendable	251,000			1,000	252,000
Restricted	761,340	\$ 1,978,776	1,617,415	103,596	4,461,127
Committed				156,841	156,841
Assigned	373,000				373,000
Unassigned	4,575,497				4,575,497
Total Fund Balances	<u>5,960,837</u>	<u>1,978,776</u>	<u>1,617,415</u>	<u>261,437</u>	<u>9,818,465</u>
Total Liabilities and Fund Balances	<u>\$ 7,470,377</u>	<u>\$ 1,978,776</u>	<u>\$ 1,625,540</u>	<u>\$ 371,501</u>	<u>\$ 11,446,194</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

Total fund balance - governmental funds	\$	9,818,465
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets, at historical cost:	\$	46,385,148	
Accumulated depreciation:		(10,639,382)	
Net:			35,745,766

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:		(228,703)
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Unamortized premiums: In governmental funds, if debt is issued at a premium, the premium is recognized as Other Financing Sources in the period it is incurred. In the government-wide statements, the premium is amortized as a reduction in annual interest expense over the life of the debt. Unamortized premium at year-end was:		(344,330)
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Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	\$	16,774,303	
Accreted interest		7,914,592	
Early retirement incentives		28,514	
Compensated absences		118,663	
Capital lease obligations		2,333,667	
Total			(27,169,739)

Total net position - governmental activities	\$	17,821,459
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Bond Interest and Redemption Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Control Funding Formula Sources					
State Apportionments	\$ 6,830,376				\$ 6,830,376
Local Sources	5,592,336				5,592,336
Total Local Control Funding Formula Sources	12,422,712				12,422,712
Federal Revenue	2,587,685	\$ 184,256		\$ 946,826	3,718,767
Other State Revenue	1,450,066	13,020		77,717	1,540,803
Other Local Revenue	1,579,336	1,932,161	\$ 349,153	72,629	3,933,279
Total Revenues	18,039,799	2,129,437	349,153	1,097,172	21,615,561
<u>Expenditures</u>					
Certificated Salaries	7,308,233				7,308,233
Classified Salaries	1,785,046			143,961	1,929,007
Employee Benefits	2,404,314			43,908	2,448,222
Books and Supplies	1,333,062			106,040	1,439,102
Services and Other Operating Expenditures	5,181,355		(4,582)	780,674	5,957,447
Capital Outlay	142,423		43,221		185,644
Debt Service:					
Principal Retirement	58,760	426,278			485,038
Interest and Fiscal Charges	115,329	1,354,644			1,469,973
Other Outgo	274,770		22,647		297,417
Total Expenditures	18,603,292	1,780,922	61,286	1,074,583	21,520,083
Excess of Revenues Over (Under) Expenditures	(563,493)	348,515	287,867	22,589	95,478
Fund Balances - July 1, 2013	6,524,330	1,630,261	1,329,548	238,848	9,722,987
Fund Balances - June 30, 2014	\$ 5,960,837	\$ 1,978,776	\$ 1,617,415	\$ 261,437	\$ 9,818,465

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Net change in fund balances - total governmental funds	\$	95,478
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:

Expenditures for capital outlay:	\$	185,644
Depreciation expense:		<u>(793,156)</u>
Net:		(607,512)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,098,760
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(890,584)
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Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(25,856)
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Other expenditures relating to prior periods: Certain expenditures recognized in governmental funds relate to prior periods. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations are first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods for the repayment of early retirement incentives were:		9,505
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Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period was:		<u>12,750</u>
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Total change (decrease) in net position - governmental activities	\$	<u><u>(307,459)</u></u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

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	<u>Agency Fund</u>
<u>Assets</u>	
Cash (Note 2)	\$ 40,981
Total Assets	<u>\$ 40,981</u>
<u>Liabilities</u>	
Due to Student Groups	\$ 40,981
Total Liabilities	<u>\$ 40,981</u>
Total Net Position	<u>\$ 0</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Bellevue Union Elementary School District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in accounting principles generally accepted in the United States of America. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus and the modified accrual basis of accounting.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures incurred in the unrestricted resources shall be reduced first from the committed resources, then from assigned resources and lastly, the unassigned resources.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

MAJOR GOVERNMENTAL FUNDS:

1. General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

MAJOR GOVERNMENTAL FUNDS (CONCLUDED):

2. Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest and related costs.
3. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981.

NON-MAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds are used to report the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service and capital outlay, and that comprise a substantial portion of the fund's resources. The District maintained two non-major special revenue funds:

1. Cafeteria Fund is used to account separately for restricted federal, state, and local resources received and expenditures authorized by the Board to operate the District's food service program.
2. Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions committed by board action for deferred maintenance purposes.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District maintains two non-major capital projects funds:

1. School Building Bond Fund was established to account for the expenditures of proceeds from the General Obligation Bonds.
2. County School Facilities Fund is used to account for State allocation and District matches and related expenditures made for modernization, new construction and hardship projects.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

FIDUCIARY FUNDS:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The amounts reported for student body funds represent the combined totals of all schools within the District.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and major Special Revenue Funds as required supplementary information in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity

1. Deposits and Investments

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county either are secured by federal depository insurance or are collateralized.

*Investments Valuation* - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

2. Prepaid Expenditures

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure in the period expended.

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

7. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

7. Net Position (Concluded)

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

8. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

9. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts are to be spent:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriable for expenditures.

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints.

Committed Fund Balance - Includes amounts subject to District constraints self-imposed by formal action of the District Governing Board.

Assigned Fund Balance - Includes amounts the District intends to use for a specific purpose. Assignments may be established by the Superintendent with recommendation of the Director of Fiscal Services and confirmed by the Governing Board.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

9. Fund Equity (Continued)

*Fund Balances*

The District's fund balances at June 30, 2014 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	Capital Facilities Fund	Other Governmental Funds	Total
Nonspendable:					
Revolving Fund	\$ 1,000			\$ 1,000	\$ 2,000
Other	250,000				250,000
Total Nonspendable Fund Balance	251,000			1,000	252,000
Restricted For:					
Legally Restricted Categorical Funding	761,340				761,340
Debt Service		\$ 1,978,776			1,978,776
Expenditures allowed by Government					
Code Sections 65970-65981			\$ 1,617,415		1,617,415
Measure J approved projects				747	747
Future Modernization Projects				5	5
Cafeteria Operations				102,844	102,844
Total Restricted Fund Balance	761,340	1,978,776	1,617,415	103,596	4,461,127
Committed For:					
Deferred Maintenance Projects				156,841	156,841
Total Committed Fund Balance	0	0	0	156,841	156,841
Assigned For:					
Future Capital Projects	50,000				50,000
Early Retirement Incentives	323,000				323,000
Total Assigned Fund Balance	373,000	0	0	0	373,000
Unassigned:					
Reserve for Economic Uncertainties	558,098				558,098
Other Unassigned	4,017,399				4,017,399
Total Unassigned Fund Balance	4,575,497	0	0	0	4,575,497
Total Fund Balances	\$ 5,960,837	\$ 1,978,776	\$ 1,617,415	\$ 261,437	\$ 9,818,465

*Fund Balance Policy*

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

9. Fund Equity (Concluded)

*Fund Balance Policy (Concluded)*

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3% of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California. If any level of the 3% is spent, then the District shall reduce expenditures to reestablish the 3% reserve for economic uncertainties.

Additional detailed information, along with the complete *Fund Balance Policy* can be obtained from the District.

10. Local Control Funding Formula/Property Tax

The District's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Concluded)

10. Local Control Funding Formula/Property Tax (Concluded)

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

I. Impact of Recently Issued Accounting Principles

The GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities* in March, 2013. GASB 65 was intended to compliment Statement No. 63 by identifying items previously reported as assets and liabilities that should be classified as deferred outflows or deferred inflows going forward. The District was required to implement the Statement 65 in 2013-2014.

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* in June 2012 to amend Statements 27 and 50 and improve accounting and financial reporting by state and local governments for pensions. The Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* in January 2013 to provide guidance for reporting mergers, acquisitions, transfers of operations, and disposals of government operations. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* in April 2013 to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The Statement is effective beginning in fiscal year 2013-2014. The District does not have nonexchange financial guarantees and therefore the adoption of GASB 70 does not have any impact on the District's financial statements.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Impact of Recently Issued Accounting Principles (Concluded)

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which amends Statement 68 by requiring that, at transition, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. The Statement is effective beginning in fiscal year 2014-2015.

The Office of Management and Budget issued the guidance *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance for Federal Awards) on December 29, 2013 which supersedes and streamlines requirements from eight different circulars into one document. The new administrative requirements and cost principles are required to be implemented for all federal awards made after December 26, 2014.

NOTE 2 - CASH

A. Summary of Cash

The following is a summary of cash at June 30, 2014:

<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>\$8,408,692</u>	<u>\$40,981</u>	<u>\$8,449,673</u>

The District had the following cash at June 30, 2014:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Quality Rating</u>
Cash in Commercial Banks	\$ 40,981	\$ 40,981	Not Rated
Cash in Revolving Fund	2,000	2,000	Not Rated
Cash in County Treasury	8,388,493	8,406,692	Not Rated
Total	<u>\$ 8,431,474</u>	<u>\$ 8,449,673</u>	

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 2 - CASH (CONTINUED)

B. Policies and Practices

The District is authorized by State statutes and in accordance with the District's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be ladderized and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2014 the carrying amount of the District's accounts was \$42,981, all of which was insured.

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$1,545,267,926. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$1,541,922,723. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

C. Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Continued)

Interest Rate Risk (Concluded) - The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2014 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
County Treasury	<u>\$ 8,388,493</u>	<u>\$ 2,523,259</u>	<u>\$ 5,365,280</u>	<u>\$ 499,954</u>

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk - This is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014 consist of the following:

	General Fund	Other Governmental Funds	Total
Federal Government			
Categorical Aid Programs	\$ 987,146	\$ 121,778	\$ 1,108,924
State Government			
Local Control Funding Formula	860,597		860,597
Categorical Aid Programs	69,373		69,373
Lottery	117,246		117,246
Other	780	7,968	8,748
Total State Government	1,047,996	7,968	1,055,964
Local Government	296,197		296,197
Miscellaneous	291,637	640	292,277
Total Accounts Receivable	<u>\$ 2,622,976</u>	<u>\$ 130,386</u>	<u>\$ 2,753,362</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2014, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund		\$ 34,140
Non-Major Governmental Funds:		
Deferred Maintenance Fund	\$ 34,140	
Total	<u>\$ 34,140</u>	<u>\$ 34,140</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no interfund transfers for fiscal year 2013-2014.

NOTE 5 - NOTE RECEIVABLE

On July 1, 2013, the District agreed to loan Stony Point Academy \$250,000 to help support start-up costs for the new Charter School. The Stony Point Academy will be applying for a start-up grant and revolving loan from the State of California. If either is granted, the District will be repaid with those funds. If the applications for these funding sources are not approved, the District will be repaid starting on July 1, 2016 in the amount of \$50,000, July 1, 2017, \$100,000 and July 1, 2018, \$100,000. Although this note is expected to be repaid in full, the balance has been offset in the fund financial statements by fund balance as it is not expected to be repaid during fiscal year 2014-2015. The District will not charge interest.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014, is shown below:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 3,949,772			\$ 3,949,772
Work in progress	333,038	\$ 43,221		376,259
Total capital assets, not being depreciated	4,282,810	43,221	\$ 0	4,326,031
Capital assets being depreciated:				
Buildings	35,213,198			35,213,198
Improvements of sites	6,465,211	24,728		6,489,939
Equipment	238,285	117,695		355,980
Total capital assets, being depreciated	41,916,694	142,423	0	42,059,117
Less accumulated depreciation for:				
Buildings	8,117,614	514,396		8,632,010
Improvements of sites	1,514,645	271,668		1,786,313
Equipment	213,967	7,092		221,059
Total accumulated depreciation	9,846,226	793,156	0	10,639,382
Total capital assets, being depreciated, net	32,070,468	(650,733)	0	31,419,735
Governmental activities capital assets, net	\$ 36,353,278	\$ (607,512)	\$ 0	\$ 35,745,766



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	\$	697,977
Instruction-related Services		23,795
School Site Administration		23,795
Food Services		47,589
		<hr/>
Total	\$	<u>793,156</u>

NOTE 7 - UNAMORTIZED BOND PREMIUMS

The District sold each series of the 2011 General Obligation Bonds at a net premium of \$382,580. The premiums are being amortized using the straight-line method over the life of the related bond issue as a reduction in annual interest expense. The unamortized bond premium is reported in the liability section of the Government-Wide Statement of Net Position. The annual amortization of the bond premiums is as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2015	\$ 12,750
2016	12,750
2017	12,750
2018	12,750
2019	12,750
2020-2024	63,750
2025-2029	63,750
2030-2034	63,750
2035-2039	63,750
2040-2041	25,580
	<hr/>
Totals	\$ <u>344,330</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - BONDED DEBT**

- A. The outstanding general obligation bonded debt of the Bellevue Union Elementary School District at June 30, 2014 is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 01, 2013	Redeemed Current Year	Outstanding June 30, 2014
1997	5.1-5.8	2021	\$ 4,393,374	\$ 2,845,958	\$ 311,661	\$ 2,534,297
2000	5.4-6.3	2024	2,976,210	2,562,055	114,617	2,447,438
2009	4.25-7.0	2033	6,500,000	6,290,000		6,290,000
2011	5.00	2028	4,350,000	4,350,000		4,350,000
2011	11.41	2035	378,528	378,528		378,528
2011	6.94-7.25	2041	774,040	774,040		774,040
Total			<u>\$ 19,372,152</u>	<u>\$ 17,200,581</u>	<u>\$ 426,278</u>	<u>\$ 16,774,303</u>

Accreted Interest

Series	Interest Rate	Maturity Date	Outstanding July 1, 2013	Accretion Current Year	Payments Current Year	Outstanding June 30, 2014
1997	5.1-5.8	2021	\$ 4,093,997	\$ 384,220	\$ 453,339	\$ 4,024,878
2000	5.4-6.3	2024	3,355,195	388,937	160,383	3,583,749
2011	11.41	2035	84,383	54,325		138,708
2011	6.94-7.25	2041	103,918	63,339		167,257
Totals			<u>\$ 7,637,493</u>	<u>\$ 890,821</u>	<u>\$ 613,722</u>	<u>\$ 7,914,592</u>

- B. The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ended June 30	Principal	Interest	Total
2015	\$ 432,728	\$ 1,218,522	\$ 1,651,250
2016	438,286	1,302,964	1,741,250
2017	544,551	1,395,199	1,939,750
2018	609,559	1,489,991	2,099,550
2019	653,091	1,587,877	2,240,968
2020-2024	3,939,032	9,331,001	13,270,033
2025-2029	7,844,487	3,591,200	11,435,687
2030-2034	1,422,752	2,367,102	3,789,854
2035-2039	520,045	3,399,955	3,920,000
2040-2042	369,772	2,515,229	2,885,001
Total	<u>\$ 16,774,303</u>	<u>\$ 28,199,040</u>	<u>\$ 44,973,343</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - CAPITAL LEASE OBLIGATIONS**

The District entered into a capital lease agreement with City National Bank with an original cost of \$2,442,810 to install solar equipment at each school site. Title to the property will pass to the District upon expiration of the lease period.

Future minimum lease payments are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease Payment</u>
2015	\$ 180,093
2016	186,272
2017	192,630
2018	199,167
2019	205,887
2020-2024	1,042,444
2025-2029	1,192,175
2030	260,581
Total payments	3,459,249
Less amounts representing interest	(1,125,582)
Present value of net minimum lease payments	<u>\$ 2,333,667</u>

The energy savings are estimated to be \$125,000 to \$150,000 per year for the life of the equipment. Additionally, the District will receive a rebate from PG&E for the first five years of approximately \$154,000. The first payment was received in June, 2011. The District received \$163,628 in 2013-2014.

**NOTE 10 - EARLY RETIREMENT INCENTIVE PROGRAMS**

- A. During the 2008-2009 fiscal year, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increase by two years. Eligible employees had five or more years of service under the State Teachers' Retirement System (STRS) and retired during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. Certificated employees who had reached the age of 55 and had at least one year of CalSTRS service were eligible to participate.

The District's future obligation to fund the plan for two retirees is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>
2015	\$ 9,505
2016	9,505
2017	<u>9,504</u>
	<u>\$28,514</u>

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 10 - EARLY RETIREMENT INCENTIVE PROGRAMS (CONTINUED)

- B. During 2013-2014 the District added a retirement incentive to be offered annually to the contract with certificated employees. The incentive is available to certificated employees who have thirteen (13) or more years of service with the District and who are not less than age 55 or more than age 64 on or before the effective date of their retirement. For the 2013-2014 school year only, the incentive will be available to any eligible employees without limitation. Beginning in year 2014-2015, the incentive will be limited to three (3) eligible employees each school year. If more than three (3) employees apply, applicants will be chosen by seniority.

There are two (2) retirement options offered under this program, a cash payment or health benefits until the unit member reaches the age of 65. Employees may choose one or a combination of these two (2) options. The maximum District cost per retiree shall be based on a sliding scale according to the following chart, determined by the age of the participant on the effective date of retirement.

<u>Retirement Age</u>	<u>Total Program Allowance</u>
Between 55 and 55 and 11 months	\$60,000
Between 56 and 56 and 11 months	\$55,000
Between 57 and 57 and 11 months	\$50,000
Between 58 and 58 and 11 months	\$45,000
Between 59 and 59 and 11 months	\$40,000
Between 60 and 60 and 11 months	\$35,000
Between 61 and 64 and 11 months	\$30,000

Seven (7) eligible certificated employees accepted this retirement package for a cost to the District of \$323,000. The District has budgeted for these costs in the 2014-2015 General Fund budget, and assigned a portion of the General Fund ending balance in these financial statements.

- C. On April 9, 2012 the District offered a one-time retirement incentive whereby employees meeting the eligibility criteria may provide 200 hours of unpaid service to the District in each instructional year in exchange for up to \$700 per month for thirty-six (36) months for related benefits including medical, vision, and dental. Currently one retiree is providing services and receiving benefits. During the year ended June 30, 2014, \$8,400 was recognized for related post-employment health care. The District does not recognize a liability at June 30, 2014 for the future cost of providing these post-employment benefits since the District cost is contingent on the retiree continuing to be employed.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2014, is shown below.

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$ 17,200,581		\$ 426,278	\$ 16,774,303	\$ 432,728
Accreted Interest	7,637,493	\$ 890,821	613,722	7,914,592	692,272
Capital Lease Obligations	2,392,427		58,760	2,333,667	67,721
Early Retirement Incentives	38,019		9,505	28,514	9,505
Compensated Absences	92,807	25,856		118,663	118,663
Totals	<u>\$ 27,361,327</u>	<u>\$ 916,677</u>	<u>\$ 1,108,265</u>	<u>\$ 27,169,739</u>	<u>\$ 1,320,889</u>

The compensated absences and early retirement incentives will be paid by the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments of the capital lease obligations will be from rebates and energy costs savings.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. State Teachers' Retirement System (STRS)

*Plan Description.* The Bellevue Union Elementary School District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 100 Waterfront Place, West Sacramento, California 95605.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Concluded)

*Funding Policy.* Active plan members are required to contribute 8.0% of their salary and the Bellevue Union Elementary School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Bellevue Union Elementary School District's contributions to STRS for the fiscal year ending June 30, 2014, 2013, and 2012 were \$609,795, \$575,391 and \$515,268, respectively, and equal 100% of the required contributions for each year.

B. California Public Employees Retirement System (CalPERS)

*Plan Description.* The Bellevue Union Elementary School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 Q Street, Room 1820 - Sacramento, CA 95814.

*Funding Policy.* Active plan members are required to contribute 7.0% of their salary and the Bellevue Union Elementary School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established by State statute. The Bellevue Union Elementary School District's contributions to CalPERS for the fiscal year ending June 30, 2014, 2013 and 2012 were \$202,376, \$193,641 and \$156,050, respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

D. On Behalf Payment

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS and contributions to PERS for the year ended June 30, 2014. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local education agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

C. Joint Ventures

The District is a member of the Redwood Empire Schools Insurance Group (RESIG) and the West County Transportation Agency. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The RESIG JPA arranges for and/or provides for property liability and workers compensation coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 14 - STUDENT BODY

The Student Body Funds often engage in activities which involve cash transactions. These transactions are not subject to adequate internal accounting control prior to deposits being recorded in the bank accounts. It has been determined on a cost benefit basis that providing increased internal control in this area does not justify the additional costs that would be necessary to control receipts prior to the point of deposit.

NOTE 15 - RESTATEMENT OF NET POSITION

The amounts previously reported as net position at June 30, 2013 on the Government-Wide Statement of Net Position have been restated with the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*. The June 30, 2013 Net Position is restated to eliminate the unamortized debt issuance costs previously reported as an asset on the District's Statement of Net Position. The effect of this restatement is a decrease in the June 30, 2013 total Net Position of \$227,340 as follows:

	<u>Governmental-Wide Financial Statements</u>
Net Position, June 30, 2013 as originally reported	\$18,356,258
Eliminate debt issuance costs reported as an asset	<u>(227,340)</u>
Net Position, June 30, 2013 as restated	<u>\$18,128,918</u>

NOTE 16 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2014, the District contracted with Redwood Empire School's Insurance Group (RESIG) Insurance for property and liability insurance coverage and for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 16 - RISK MANAGEMENT (CONCLUDED)

B. Workers' Compensation

For fiscal year 2014, the District participated in the Redwood Empire School's Insurance Group (RESIG), an insurance purchasing pool. The intent of the RESIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the RESIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the RESIG.

Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the RESIG. Participation in the RESIG is limited to districts that can meet the RESIG selection criteria.

NOTE 17 - SUBSEQUENT EVENTS

1. On October 10, 2014, the District purchased approximately seven (7) acres of land at 1550 and 1590 Hearn Avenue, Santa Rosa, California for \$312,462. The land is adjacent to Meadowview Elementary and is expected to be used for additional school facilities.
2. On November 13, 2014, the District issued \$4,200,000 of General Obligation Bonds, Election of 2014, Series A. The bonds were issued as current interest bonds, bear interest rates from 3.0% to 5.0% and are scheduled to mature through August, 2044. The bonds are to be used to repair, replace, acquire, construct and rehabilitate school facilities.
3. Management has evaluated subsequent events through November 18, 2014, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget - Positive (Negative)
<u>Revenues</u>				
Local Control Funding Formula				
Sources:				
State Apportionments	\$ 4,207,968	\$ 4,929,999	\$ 6,830,376	\$ 1,900,377
Local Sources	5,048,740	7,367,086	5,592,336	(1,774,750)
Total Local Control Funding Formula Sources	9,256,708	12,297,085	12,422,712	125,627
Federal Revenue	2,776,903	3,035,185	2,587,685	(447,500)
Other State Revenue	3,113,406	1,449,228	1,450,066	838
Other Local Revenue	1,466,767	1,446,124	1,579,336	133,212
Total Revenues	16,613,784	18,227,622	18,039,799	(187,823)
<u>Expenditures</u>				
Certificated Salaries	7,279,821	7,460,428	7,308,233	152,195
Classified Salaries	1,558,761	1,796,304	1,785,046	11,258
Employee Benefits	2,333,184	2,506,183	2,404,314	101,869
Books and Supplies	1,247,220	1,869,373	1,333,062	536,311
Services and Other				
Operating Expenditures	4,446,466	5,262,177	5,181,355	80,822
Capital Outlay	50	167,814	142,423	25,391
Debt Service:				
Principal Retirement	58,760	58,760	58,760	
Interest and Fiscal Charges	115,329	115,329	115,329	
Other Outgo	314,927	274,771	274,770	1
Total Expenditures	17,354,518	19,511,139	18,603,292	907,847
Excess of Revenues Over (Under) Expenditures	(740,734)	(1,283,517)	(563,493)	720,024
Fund Balances - July 1, 2013	5,927,474	6,524,330	6,524,330	0
Fund Balances - June 30, 2014	\$ 5,186,740	\$ 5,240,813	\$ 5,960,837	\$ 720,024

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

## SUPPLEMENTARY INFORMATION SECTION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SANTA ROSA, CALIFORNIA

JUNE 30, 2014

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ORGANIZATION

The Bellevue Union Elementary School District was established in 1949. The District is in Santa Rosa, California. There was no change in District boundaries during the year. The District operates four elementary schools.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Carol Montoya	President	December, 2014
Lisa Reyes	Vice-President	December, 2014
Yvonne Kennedy	Member	December, 2016
Sharon Ligon	Member	December, 2016
Kathleen Mullins	Member	December, 2014

ADMINISTRATION

Alicia Henderson  
District Superintendent  
Board Secretary

Susie Raymond  
Director of Business Services

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Elementary</u>	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional Kindergarten through Third	779	778
Fourth through Sixth	540	540
Extended Year Special Education		
Transitional Kindergarten through Third	2	2
Special Education - Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	1	1
Fourth through Sixth	2	3
ADA Totals	<u>1,324</u>	<u>1,324</u>

Average daily attendance is a measurement of the numbers of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to the school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

KAWANA ACADEMY ARTS AND SCIENCE

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional Kindergarten through Third	238	238
Fourth through Sixth	169	169
ADA Totals	<u>407</u>	<u>407</u>

The Kawana Academy of Arts and Sciences (Charter School) operates a classroom-based program for grades kindergarten through sixth. None of the attendance reported is non-classroom based.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grade Level	Minutes Requirement	Minutes Requirement As Reduced	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	35,000	53,940	180	In Compliance
Grade 1	50,400	49,000	50,550	180	In Compliance
Grade 2	50,400	49,000	50,550	180	In Compliance
Grade 3	50,400	49,000	50,550	180	In Compliance
Grade 4	54,000	52,500	54,150	180	In Compliance
Grade 5	54,000	52,500	54,150	180	In Compliance
Grade 6	54,000	52,500	54,150	180	In Compliance

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has not met its local control funding formula target.

Districts that participate in Longer Day Incentive Funding or that met or exceed their local control funding formula target, must provide at least the number of instructional minutes specified in Education Code Section 46201(b) or 46207(a), shown as the minutes requirement above.

For the 2013-2014 and 2014-2015 school years, a school district may reduce up to five days of instruction or equivalent number of minutes without incurring penalties pursuant to Education Code Sections 46201.2(b) and 46207(c).

KAWANA ACADEMY OF ARTS AND SCIENCES

Grade Level	Minutes Requirement	Minutes Requirement As Reduced	2013-2014 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	34,971	54,150	180	In Compliance
Grade 1	50,400	48,960	50,550	180	In Compliance
Grade 2	50,400	48,960	50,550	180	In Compliance
Grade 3	50,400	48,960	50,550	180	In Compliance
Grade 4	54,000	52,457	54,150	180	In Compliance
Grade 5	54,000	52,457	54,150	180	In Compliance
Grade 6	54,000	52,457	54,150	180	In Compliance

Charter Schools must maintain their instructional minutes at the levels required by Education Code Section 47612.5, reduced pursuant to the provisions of Education Code Section 46201.2(b) for the 2013-2014 and 2014-2015 school years.

SEE NOTES TO SUPPLEMENTARY INFORMATION



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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The District has granted charters to two charter schools, Kawana Academy of Arts and Sciences (CDS Code 49 70615 6051593) and Stony Point Academy (CDS Code 49 70615 0127665).

The financial activities for the Kawana Academy of Arts and Sciences are included in the District's audited financial statements within the General Fund. The Financial activities for the Stony Point Academy are not included in the District's audited financial statements.

SEE NOTES TO SUPPLEMENTARY INFORMATION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Program Name:	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through the California			
Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch (Sec 4 and Sec 11)	10.555	13523/13524	\$ 662,569
School Breakfast Needy	10.553	13526	258,692
Subtotal Child Nutrition Cluster			921,261
Fresh Fruits and Vegetable Program	10.582	14968	25,565
Total U.S. Department of Agriculture			946,826
U.S. Department of Education:			
Passed through CDE:			
Special Education Cluster:			
IDEA, Basic Local Assistance, Part B, Section 611	84.027	13379	253,093
IDEA, Preschool Local Entitlements Part B, Section 611	84.027A	13682	28,684
IDEA, Preschool Grants	84.173	13430	22,182
Subtotal Special Education Cluster			303,959
English Language Acquisition Cluster:			
NCLB: Title III, Limited English Proficient (LEP) Student Program	84.365	14346	160,341
NCLB (ESEA): Title III, Immigrant Education Program	84.365	15146	7,500
Subtotal English Language Acquisition Cluster			167,841
NCLB - Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	518,795
NCLB: Title II, Part A, Teacher Quality	84.367	14341	92,450
NCLB: Title I, School Improvement Grant	84.377 *	14971	1,420,740
NCLB: Title II, Mathematics & Science Partnership	84.366	14512	39,300
Total U.S. Department of Education			2,543,085
U.S. Department of Health and Human Services:			
Medi-Cal Billing Option	93.778	10013	44,600
Total U.S. Department of Health and Human Services			44,600
Total Federal Programs			\$ 3,534,511

\* Denotes a Major Program

SEE NOTES TO SUPPLEMENTARY INFORMATION

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Auditor's Comment

The audited financial statements for all funds were in agreement with the Unaudited Actual Financial Report for the year ended June 30, 2014.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget 2014-2015	2013-2014	2012-2013	2011-2012
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 18,881,603	\$ 18,039,799	\$ 18,043,807	\$ 16,164,265
Expenditures	19,538,554	18,603,292	17,759,116	15,649,214
Change in Fund Balance (Deficit)	(656,951)	(563,493)	284,691	515,051
Ending Fund Balance	\$ 4,790,219	\$ 5,960,837	\$ 6,524,330	\$ 6,239,639
Available Reserves	\$ 4,418,289	\$ 4,575,497	\$ 5,555,559	\$ 5,397,437
Reserve for Economic Uncertainties	\$ 586,156	\$ 558,098	\$ 532,774	\$ 469,476
Unassigned Fund Balance	\$ 3,832,133	\$ 4,017,399	\$ 5,022,785	\$ 4,927,961
Available Reserves as a Percentage of Total Outgo	22.6%	24.6%	31.3%	34.5%
Total Long-Term Debt	\$ 30,167,513	\$ 27,169,739	\$ 27,361,327	\$ 27,391,026
Average Daily Attendance at P-2	1,732	1,731	1,698	1,691

The General Fund balance has increased \$236,249 during the past three years. For a District this size, the State recommends available reserves of at least 3% of total expenditures, transfers out and other uses (total outgo). Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

Total long-term debt decreased by \$221,287 over the last two years.

Average daily attendance has increased 40 ADA during the past two years.

The amounts reported as Budget 2014-2015 are presented for additional analysis and have not been audited.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
JUNE 30, 2014

	Cafeteria Fund	Deferred Maintenance Fund	School Building Bond Fund	County School Facilities Fund	Total Non-Major Governmental Funds
<u>Assets</u>					
Cash	\$ 79,282	\$ 122,701	\$ 4,987	\$ 5	\$ 206,975
Accounts Receivable	130,386				130,386
Due From Other Funds		34,140			34,140
Total Assets	<u>\$ 209,668</u>	<u>\$ 156,841</u>	<u>\$ 4,987</u>	<u>\$ 5</u>	<u>\$ 371,501</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ 98,211		\$ 4,240		\$ 102,451
Deferred Revenue	7,613				7,613
Total Liabilities	<u>105,824</u>		<u>4,240</u>		<u>110,064</u>
Fund Balances:					
Nonspendable	1,000				1,000
Restricted	102,844		747	\$ 5	103,596
Committed		\$ 156,841			156,841
Total Fund Balances	<u>103,844</u>	<u>156,841</u>	<u>747</u>	<u>5</u>	<u>261,437</u>
Total Liabilities and Fund Balances	<u>\$ 209,668</u>	<u>\$ 156,841</u>	<u>\$ 4,987</u>	<u>\$ 5</u>	<u>\$ 371,501</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cafeteria Fund	Deferred Maintenance Fund	School Building Bond Fund	County School Facilities Fund	Total Non-Major Governmental Funds
<u>Revenues</u>					
Federal Revenue	\$ 946,826				\$ 946,826
Other State Revenue	77,717				77,717
Other Local Revenue	37,646	\$ 34,844	\$ 139		72,629
Total Revenues	1,062,189	34,844	139		1,097,172
<u>Expenditures</u>					
Classified Salaries	143,961				143,961
Employee Benefits	43,908				43,908
Books and Supplies	83,618		22,422		106,040
Services and Other Operating Expenditures	777,674		3,000		780,674
Total Expenditures	1,049,161	0	25,422		1,074,583
Excess of Revenues Over (Under) Expenditures	13,028	34,844	(25,283)	\$ 0	22,589
Fund Balances - July 1, 2013	90,816	121,997	26,030	5	238,848
Fund Balances - June 30, 2014	\$ 103,844	\$ 156,841	\$ 747	\$ 5	\$ 261,437

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS - STUDENT BODY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>BELLEVUE SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 22,149	\$ 42,168	\$ 48,328	\$ 15,989
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 22,149	\$ 42,168	\$ 48,328	\$ 15,989
<b><u>MEADOW VIEW SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 5,416	\$ 12,561	\$ 12,067	\$ 5,910
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 5,416	\$ 12,561	\$ 12,067	\$ 5,910
<b><u>KAWANA SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 1,879	\$ 15,739	\$ 12,709	\$ 4,909
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 1,879	\$ 15,739	\$ 12,709	\$ 4,909
<b><u>KAWANA - OUTDOOR EDUCATION</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 5,305	\$ 3,781	\$ 4,042	\$ 5,044
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 5,305	\$ 3,781	\$ 4,042	\$ 5,044
<b><u>TAYLOR MOUNTAIN SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 9,093	\$ 34,318	\$ 34,282	\$ 9,129
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 9,093	\$ 34,318	\$ 34,282	\$ 9,129
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash	\$ 43,842	\$ 108,567	\$ 111,428	\$ 40,981
<b><u>LIABILITIES</u></b>				
Due to Student Groups	\$ 43,842	\$ 108,567	\$ 111,428	\$ 40,981

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the District and each applicable charter school and whether the District complied with the provisions of Education Code Sections 46201 through 46208 and also whether the Charter School(s) complied with the provisions of Education Code Sections 47612 and 47612.5. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day, and has not met its local control funding formula target.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Federal revenue reported in the Bond Interest and Redemption Fund includes \$184,256 of Qualified School Construction Bond Interest subsidy payments which are exempt from the OMB A-133 scope, and have been excluded from this schedule.

E. Reconciliation of Unaudited Actuals Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actuals Financial Report to the audited financial statements.

F. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the District.

G. Combining Statements and Individual Fund Schedules

Combining statements and individual fund schedules are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements and schedules present more detailed information about the financial position and financial activities of the District's individual funds.



**OTHER INDEPENDENT AUDITOR'S REPORTS SECTION**

GOODELL,  
PORTER,  
SANCHEZ &  
BRIGHT, LLP

C E R T I F I E D  
P U B L I C  
A C C O U N T A N T S

JOHN E. GOODELL, CPA  
VIRGINIA K. PORTER, CPA  
BEVERLY A. SANCHEZ, CPA  
SUZYL BRIGHT, CPA  
RICHARD GOODELL, CPA  
MICHELLE THANSON, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Union Elementary School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bellevue Union Elementary School District's basic financial statements and have issued our report thereon dated November 18, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bellevue Union Elementary School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bellevue Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bellevue Union Elementary School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies, may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bellevue Union Elementary School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Bellevue Union Elementary School District's Responses to Findings**

Bellevue Union Elementary School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Bellevue Union Elementary School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Goode, Porter, Sanchez & Bright, LLP*  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

November 18, 2014

GOODELL,  
PORTER,  
SANCHEZ &  
BRIGHT, LLP

C E R T I F I E D  
P U B L I C  
A C C O U N T A N T S

JOHN L. GOODELL, CPA  
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RICHARD L. GOODELL, CPA  
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees  
Bellevue Union School District  
Santa Rosa, California

**Report on Compliance for Each Major Federal Program**

We have audited Bellevue Union School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bellevue Union School District's major federal programs for the year ended June 30, 2014. Bellevue Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bellevue Union School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bellevue Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bellevue Union School District's compliance.



### Opinion on Each Major Federal Program

In our opinion, Bellevue Union School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### Report on Internal Control Over Compliance

Management of Bellevue Union School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bellevue Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bellevue Union School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in the internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Goodell, Porter, Sanchez & Bright, LLP*  
GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

November 18, 2014

GOODELL,  
PORTER,  
SANCHEZ &  
BRIGHT, LLP

CERTIFIED  
PUBLIC  
ACCOUNTANTS

JOHN L. GOODELL, CPA  
VIRGINIA K. PORTER, CPA  
DEBBIE A. SANCHEZ, CPA  
SUZELLE BRIGHT, CPA  
RICHARD L. GOODELL, CPA  
MICHELLE M. HANSON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees  
Bellevue Union Elementary School District  
Santa Rosa, California

We have audited Bellevue Union Elementary School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014* that could have a direct and material effect on each of Bellevue Union Elementary School District's State government programs as noted below for the year ended June 30, 2014.

**Management's Responsibility**

Management is responsible for compliance with the requirements of State laws and regulations.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with State laws and regulations of Bellevue Union Elementary School District's State government programs based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the applicable State laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Bellevue Union Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of Bellevue Union Elementary School District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Mis-assignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (see next page)
Continuation Education	10	Not Applicable
Instructional Time for school districts	10	Yes
Instructional Materials general requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
GANN Limit Calculation	1	Yes

<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General Requirements	4	Yes
After School	5	Yes
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Yes
Mode of Instruction	1	Yes
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instructional Minutes - Classroom Based	4	Yes
Charter School Facility Grant Program	1	Not Applicable

Procedures were not performed for Independent Study attendance because the average daily attendance generated by the program was below the level required for testing.

#### Opinion on Each State Government Program

In our opinion, Bellevue Union Elementary School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its State government programs for the year ended June 30, 2014.

#### Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

*Goode, Porter, Sanchez & Bright, LLP*

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
 Certified Public Accountants

November 18, 2014

## FINDINGS AND QUESTIONED COSTS SECTION



BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

*Federal Awards*

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133? ☐ Yes ☒ No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.377	NCLB: Title I, School Improvement Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

*State Awards*

Internal control over state programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for state programs: Unqualified

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

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**Section II - Financial Statements Findings**

**2014 - 001 - EQUIPMENT INVENTORY (SMALL TOOLS) - 60000**

**Criteria:** The GASB 34 Accounting Model requires the District maintain current accurate inventory records for presentation on the annual entity-wide financial statements.

**Statement of Condition:** The District does not maintain inventory controls for maintenance tools and equipment.

**Questioned Costs:** There is no specific questioned costs associated with this finding.

**Cause:** The District does not have an equipment inventory policy to maintain current accurate inventory records.

**Effect or Potential Effect:** Lack of complete and current listings of all maintenance tools and equipment, will lead to inaccurate records and potential loss of control over the District assets.

**Recommendation:** We recommend an inventory list be compiled of maintenance tools and equipment. Items disposed of should be deleted from the list and new tools or equipment acquired should be added. An annual inventory should be conducted to verify the existence of the inventoried items. Differences noted during the annual inventory should be followed up in a timely manner.

**District Response:** An inventory list will be compiled for maintenance tools and equipment. Items disposed of will be deleted from the list and new tools or equipment acquired will be added. An annual inventory will be conducted to verify the existence of the inventoried items.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reported.

**Section IV - State Award Findings and Questioned Costs**

No matters are reported.

BELLEVUE UNION ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

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2013 - 1: Future calculations to change an employee's payroll should be reviewed by someone other than the employee responsible for the original calculation. In addition, the District should make arrangements for correcting the employee's salary and develop a repayment plan agreed upon by both parties.

Current Status:

Accepted  
Implemented

2013 - 2: The District should review the current internal control policies over cash receipts for each school site to ensure policies are implemented to ensure the timely deposit of all receipts. Management should perform periodic monitoring throughout the year to ensure proper procedures are implemented.

Current Status:

Accepted  
Implemented

2013 - 3: An inventory list should be compiled of maintenance tools and equipment. Disposed items should be deleted from the list and newly acquired tools or equipment should be added. An annual inventory should be conducted to verify the existence of the inventoried items and any differences noted during the annual inventory should be reconciled in a timely manner.

Current Status:

Accepted  
Not Implemented - Repeat Finding

Explanation if Not Fully Implemented:

See current year finding 2014-001.

2013 - 4: The District should continuously monitor all employees rendering services in positions requiring certification qualifications to ensure compliance and prevent unnecessary penalties.

Current Status:

Accepted  
Implemented